

**PUBLIC SESSION MINUTES**  
**North Carolina State Board of CPA Examiners**  
**April 24, 2006**  
**1101 Oberlin Road**  
**Raleigh, NC 27605**

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**MEMBERS ATTENDING:** Leonard W. Jones, CPA, President; Arthur M. Winstead, Jr., CPA, Vice President; Jordan C. Harris, Jr., Secretary-Treasurer; Norwood G. Clark, Jr., CPA; Tyrone Y. Cox, CPA; Thurman L. Gause; and Michael C. Jordan, CPA.

**STAFF ATTENDING:** Robert N. Brooks, Executive Director; J. Michael Barham, CPA, Deputy Director; Lisa R. Hearne, Manager-Communications; Ann J. Hinkle, Manager-Professional Standards; Buck Winslow, Manager-Licensing; and Noel L. Allen, Legal Counsel.

**GUESTS:** James T. Ahler, Executive Director, NCACPA; and Tom Chenoweth, CPA, Highland Publishing Company.

**CALL TO ORDER:** President Jones called the meeting to order at 10:00 a.m.

**MINUTES:** The minutes of the March 23, 2006, meeting were approved as submitted.

**FINANCIAL AND BUDGETARY ITEMS:** The financial statements for March 2006 were accepted as submitted.

**NATIONAL ORGANIZATION ITEMS:** Messrs. Jordan and Winstead moved to approve the response to the Auditing Standards Board (ASB) Exposure Draft on a proposed Statement on Standards for Attestation Engagements (SSAE). Motion passed.

Messrs. Winstead and Jordan moved to send a letter to NASBA in support of Charles L. Talbert, III, CPA (South Carolina), for NASBA Middle Atlantic Regional Director. Motion passed.

Messrs. Clark and Cox moved to approve the nomination of Leonard W. Jones, CPA, for the Middle Atlantic Regional representative on the NASBA Nominating Committee. Motion passed.

**REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE:** Mr. Winstead moved and the Board approved the following recommendations of the Committee:

200412-057 - Mark Andrew Whitaker - Approve the signed Consent Order (Appendix I).

200509-054 - Larry J. Bowen - Approve the signed Consent Order (Appendix II).

200511-061 - Close the case without prejudice.

200511-066 - Close the case without prejudice and with a Letter of Caution.

200601-010 - Close the case without prejudice and with a Letter of Caution.

**REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE:**

Mr. Gause moved and the Board approved the following recommendations of the Committee:

**Transfer of Grades Applications** - The following were approved:

Michael B. Jebsen  
Luke Gehron Ratke

**Original Certificate Applications** - The following were approved:

Andrew Martin Allen  
Russell Glenn Allen  
Andrew Jennings Asbury  
Nicholas John Bellmann  
Martin James Conley III  
Chad Cameron Dickens  
Melissa M. Harris  
Paula L. Hester  
Michael B. Jebsen  
Philip C. King  
Jennifer Nicole Kinlaw

Whitney Morrell Lee  
Samantha Ann Mills  
Julie Elizabeth Morgan  
Carrie Cobaugh Overcash  
Joshua Samuel Phillips  
Luke Gehron Ratke  
Tracy Amelia Sumner  
Daniel J. Valenti  
Bradley Douglas Wilson  
Jeff Gentry Winstead  
Michal Ellen Yarborough

**Reciprocal Certificate Applications** - The following were approved:

R. Chris Aurit  
Linda K. Barry  
Michael Xavier Beaudette  
Christopher John Carlson  
Ronald E. Clanton  
Linda T. Davidson  
Antoinette Marie Drda  
Melinda Tiller Durant  
Andrea D. Ensley  
William Randolph Fariss  
Diana Garcia  
Brian S. Gardner  
Glenroy Winston Genus  
Virginia Jeffery Chamblin Grochowski  
Alison L. Hawk

Theresa (Terri) Hilliard  
David Bonham Holbrook  
Benjamin James Hume  
Christine Dione Leapley  
James Patrick Liddy  
Kathleen Sliter Monks  
Elizabeth Lou Morton  
Lori Ann Nelson  
Dawn Farmer Polin  
Michael Brian Sowinski  
Linda S. Swain  
Julie Marie Tsois  
James A. Wood  
Christopher Chase Woodfin

**Temporary Permits** - The following temporary permits were approved by the Executive Director and ratified by the Board:

Preston C. Cleland T3519  
Hugo H. Hanson II T3520

Paul Michael Pickett T3521  
Angela Kathleen Prince T3522

Beverly Ann Welch T3523  
Amy Pulliam Winn T3524  
Christina Murray Wright T3525  
Nancy Parsons Bubanich T3540  
Kenneth K. Pierce T3541  
Mary Lynn Kroeger T3542  
Sharon Leah Anderson T3543  
Daniel S. Venegoni T3544  
James E. Newman T3545  
Katherine K. Cardenas T3546  
Joan M. Gibbons T3547  
Robert J. Beckwith T3548  
Vicki Carol Anderson T3549

Deborah K. Delano T3550  
Amy Elizabeth Clater T3551  
John Walter Groseclose Jr. T3552  
Patrick Christopher Healy T3553  
Melanie L. Nuckols T3554  
Kurtis Ashley Wolff T3555  
Stella H. Ditchewa T3556  
Mark Steven Livingston T3557  
Kimberly Therese Chambers T3558  
Joanne M. Dionne T3559  
Olga Ivanova T3560  
Renee C. Kosofsky T3561  
Benjamin Todd Redman T3562

**Reinstatements** - The following were approved:

Mark Wesley Day #19035  
Merritt Frederick Durr #18299  
Maria Beth Ezell #20547  
Lisa Jones Goller #19749  
Margaret Ann Hughes #14677  
Matthew James Molbert #29595

Anita Hall Kiehl-Quarles #23043  
John Warren Sitton II #12999  
John Bryan Tutwiler #16901  
Lisa Byrnes Westberg #19595  
Liqin Zhu #28739

**Reissuance of New Certificate** - An application for reissuance of new certificate and consent agreement submitted by the following individuals was approved.

Lora Elaine Ramsey #24571  
Samuel Reynders #27274

**Firm Registrations** - The following professional corporations and professional limited liability companies were approved by the Executive Director and ratified by the Board:

OLAWALE AROGUNDADE, CPA PLLC  
PAMELA J. GARN, CPA, PLLC  
CELIA C. HALL, C.P.A., P.A.  
Hugo H Hanson II CPA P.C.  
KAUFMAN, ROSSIN & CO., A  
PROFESSIONAL ASSOCIATION  
Mathews & Maltby, CPAs, PLLC

K. Neil Morris, PA  
JEANNE F. MORRISETTE, CPA, PC  
Louise W. Reed, CPA, P.A.  
Lois Ryan, CPA, PC  
A.G. Salem & Associates, PLLC  
MICHAEL D. WOODSON, CPA, PLLC

**Reclassifications** - The Committee approved the following requests for retired status because the individuals are completely retired and do not receive any earned compensation for current personal services in any job whatsoever:

Bradley McCallum Buie #3958

John Thomas Foster #1500

Edwin G. Kearney #11826

Edward James Waters #17567

### **CPE Matters**

The Committee ratified the CPE sponsor registration submitted by Hill, Chesson & Woody Employee Benefit Services.

Staff reviewed and recommended the approval of the ethics course "Ethics and Professional Conduct North Carolina CPAs" by Positive Systems Inc. Messrs. Cox and Gause moved to approve the course. Motion passed.

The CPE Sponsors listed below are registered both with NASBA and the NC State Board of CPA Examiners. Staff recommended removing these sponsors from the Board's registry. The Committee approved staff recommendation:

American Home Furnishings Alliance  
Bisk Education Inc.  
CA CPA Education Foundation

California Tax Institute  
Professional Tax Institutes

Staff has reviewed and recommended disapproval of a request from C. Mark Wiley (#17572). Mr. Wiley requested to amend 21 NCAC 08G .0410(a) to allow attorney-CPAs to satisfy the annual ethics requirement through their attorney ethics CLE. The Committee disapproved Mr. Wiley's request.

**Extension Requests** - The Committee disapproved the following individuals for extension for completion of CPE:

Deborah R. Garvin #12385  
H. Edward Garvin #11266  
Stuart Todd Lynch #17043

Michael L. Mospan #11651  
Jennifer Paige Whitlow #28339

### **Firm Renewal and Peer Review Matters -**

The firms listed below submitted a renewal or termination notice less than 60 days after the deadline. A conditional license until April 24, 2007, is applicable for all firm owners pursuant to 21 NCAC 08J .0111(1). The Committee approved staff recommendation:

Erwin & Erwin, CPA's  
David P. Erwin #15409  
Jeanne B. Erwin #16507

L. Clement Hahn Jr. CPA, P.A.  
L. Clement Hahn Jr. #2988  
Gregory D. Massey CPA #17047

The firms listed below submitted a renewal or termination notice more than 60 days but less than 120 days after the deadline. Staff recommended referral to the Professional Standards Committee. The Committee approved staff recommendation:

Edgar T. Batson, CPA #14282  
John E. Broyles CPA PLLC  
John E. Broyles II #28085

Libby P. George CPA #20274  
Walter A. Skorski CPA #28658  
Etim J. Udoh CPA #29680

**Examinations** - The Committee determined and accepted the grades received for the January - March 2006 exams.

**CLOSED SESSION:** Messrs. Cox and Gause moved to enter Closed Session with the Executive Staff and Legal Counsel to discuss personnel and legal matters. Motion passed.


**PUBLIC SESSION:** Messrs. Harris and Clark moved to re-enter Public Session to continue with the Agenda. Motion passed.

**EXECUTIVE STAFF AND LEGAL COUNSEL REPORT:** Legal Counsel reported on the 7-0 North Carolina Supreme Court decision in the Board's favor in the case, McGladrey v. the Board.

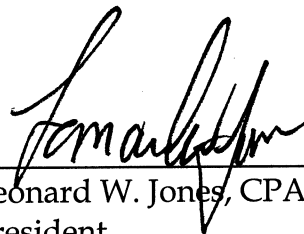
**ADJOURNMENT:** Messrs. moved to adjourn the meeting at . Motion passed.

Respectfully submitted:

Attested to by:



Robert N. Brooks  
Executive Director



Leonard W. Jones, CPA  
President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: 200412-057

IN THE MATTER OF:  
Mark Andrew Whitaker, #14134  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 14134 as a Certified Public Accountant.
2. Sometime in 2002 or 2003, Respondent entered into an engagement with a client to render professional services as a CPA related to a 412(i) Plan.

Commissions

3. Pursuant to that engagement, Respondent advised his client to obtain certain insurance products. Respondent was listed as the agent on the insurance for the sale of the 412(i) Plan and received a commission for the sale.
4. Respondent did not disclose to the client, in writing, the fact that Respondent was receiving a commission from the sale of the insurance, and further failed to disclose the amount of the commission, all of which was required by 21 NCAC 8N.0303 (e).

Compilation

5. Respondent also issued a compiled financial statement to the client as a CPA employee of a non-CPA firm.
6. Respondent knew or should have known that the compiled financial statement would be used by a third party, and failed to disclose, in the compilation report, his lack of independence inasmuch as the Respondent was receiving a commission on the sale an insurance product for the client's 412(i) Plan.

7. In preparing the compiled financial statement report, Respondent departed from applicable standards (without providing written justification) as follows:
  - a. failed to modify paragraph three(3) of the report to reflect that he did not prepare a Statement of Cash Flows,
  - b. indicated that the statements were prepared on the cash basis of accounting while also making disclosures in the financial statements such as accounts receivable, accounts payable, note payable, accrued profit sharing contribution, current portion of long-term debt, and long-term debt which would indicate to the financial statement reader that the statements were prepared using the accrual basis of accounting, and
  - c. provided insufficient explanation for such disclosures as the accrued profit sharing contribution disclosed on the statement of assets, liabilities, and stockholder's equity and the loss from investment in Cortland Fund, LLC, disclosed on the statement of revenue and expenses.
8. While the compiled financial statement report was issued on the letterhead of one non-CPA firm, Respondent billed or allowed his attest services to be billed by yet another non-CPA firm.

#### Objectivity

9. Respondent limited his professional recommendations to his client regarding retirement plans to his offer of insurance products in order to sell the client a 412(i) Plan.
10. Respondent was not objective and placed his own financial interest and that of a third party (his non-cpa firm as well as the insurance company) ahead of the legitimate interest of his client as required by 21 NCAC 8N .0303 (a).

#### Continuing Professional Education

11. In 2002, Respondent completed fifty-one (51) hours of continuing professional education (CPE). Since Respondent had zero (0) carryforward CPE hours from 2001, Respondent's only had eleven (11) carryforward CPE hours from 2002.
12. In 2003, Respondent completed twenty-six (26) CPE hours. Since Respondent only had eleven (11) carryforward CPE hours from 2002, Respondent was

three (3) hours short of the forty (40) CPE hours required to renew his 2004-2005 individual certificate.

13. In 2004, Respondent completed thirty-seven (37) CPE hours. Since Respondent was zero (0) carryforward CPE hours from 2002, Respondent was three (3) hours short of the forty (40) CPE hours required to renew his 2005-2006 individual certificate.
14. On his 2004-2005 and 2005-2006 individual certificate renewals, Respondent reported sufficient CPE hours to renew his individual certificate for both years.
15. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of NCGS 93-12 (9)e and 21 NCAC 8G .0401, 8N .0302 (a), .0303 (a), .0303 (b), .0303 (c), .0303 (e), and .0404.

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. The Certified Public Accountant certificate issued to Respondent, Mark Andrew Whitaker, and the firm registration for Mark A. Whitaker, CPA, are hereby suspended for the period of nine (9) months from the date this Order is approved by the Board.
2. Respondent is censured.
3. Respondent shall pay a three thousand dollar (\$3,000.00) civil penalty to be remitted with this signed Order.
4. Prior to applying for reinstatement, Respondent shall complete and provide verification to the Board of his completion of twenty (20) hours of CPE. Said



CPE may not be used to meet either Respondent's reinstatement or renewal requirements.

5. Respondent is prohibited from taking any CPE from Collins, Boike & Moore, PA, to meet either the additional CPE required by this Order or the CPE requirement for reinstatement.
6. If Respondent returns his suspended certificate within fifteen (15) days of the receipt of this Order, Respondent can, after nine (9) months, apply to return his certificate to active status by submission and approval of a reinstatement application which includes:
  - a. Application form,
  - b. Payment of the application fee,
  - c. 3 moral character affidavits, and
  - d. 40 hours of CPE in the 12 months preceding the application including an 8 hour accountancy law course, pursuant to 21 NCAC 8F .0504, as offered in a group study format by the North Carolina Association of CPAs.
7. If Respondent returns his suspended certificate in excess of fifteen (15) days of the receipt of this Order, Respondent can, after nine(9) months plus the number of days that his certificate is late in being returned, apply to return his certificate to active status by submission and approval of a reinstatement application which includes:
  - a. Application form,
  - b. Payment of the application fee,
  - c. 3 moral character affidavits (on forms provided by Board),
  - d. 40 hours of CPE in the 12 months preceding the application including an 8 hour accountancy law course pursuant to 21 NCAC 8F .0504, and
  - e. Consent Order requiring payment of at least \$100.00 in administrative costs.

CONSENTED TO THIS THE 27th DAY OF MARCH, 2006.

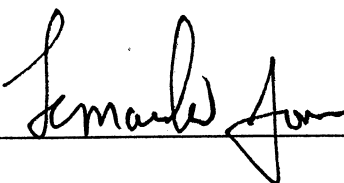
  
Respondent

Consent Order - 5  
Mark Andrew Whitaker

APPROVED BY THE BOARD THIS THE 24 DAY OF April,  
2006.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS

BOARD  
SEAL

BY:   
President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

CASE #: 200509-054

IN THE MATTER OF:  
Larry J. Bowen, #5852  
Respondent

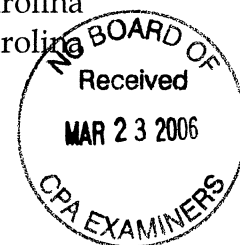
CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 5852 as a Certified Public Accountant.
2. Respondent was engaged by Bella Italia, Inc., to prepare sales tax forms, and to assist in compliance with related local and state tax reporting requirements. In connection with that engagement, Respondent failed to file the Wake Count 1% prepared food tax forms from December of 2001 through June of 2005 for a restaurant owned by Bella Italia, Inc.
3. Bella Italia, Inc., was assessed by Wake County Department of Revenue \$7,821.32 in prepared food taxes, a \$1,851.87 penalty for failure to file, and a \$782.13 penalty for failure to pay.
4. Respondent admitted in his May 18, 2005, letter to the Wake County Department of Revenue requesting the waiver of penalties that Respondent was not aware of the 1% prepared food tax in Wake County.
5. Despite Respondent's request, Wake County did not waive the penalties.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina



Consent Order - 2  
Larry J. Bowen

Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12 (9)e and 21 NCAC 8N .0211 and 8N.0212.

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent is censured.

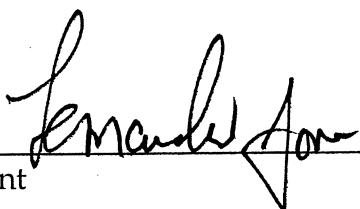
CONSENTED TO THIS THE 21 DAY OF March, 2006.

  
Respondent

APPROVED BY THE BOARD THIS THE 24 DAY OF April, 2006.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS

BOARD  
SEAL

BY:   
President

